

CASE No: 2007-00495

**BELFRY GAS COMPANY, INC.**

Post Office Box 504  
Allen, KY 41601  
(606) 874-2846

RECEIVED

NOV 30 2007

PUBLIC SERVICE  
COMMISSION

November 28, 2007

Public Service Commission  
Attn: Beth O'Donnell  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, KY 40602-0615

Dear Ms. O'Donnell:

Please find enclosed Belfry Gas Company's PGA for January 1, 2008, thru April 1, 2008.

If you have any further questions, please feel free to contact me at the above address or telephone number.

Sincerely,

*Stephen G. Jenkins*

Stephen G. Jenkins, Manager  
Belfry Gas Company, Inc.

Enclosure

**KINHAG DEVELOPMENT COMPANY, LLC**

P. O. BOX 155  
ALLEN, KY 41601

RECEIVED

NOV 30 2007

PUBLIC SERVICE  
COMMISSION

November 28, 2007

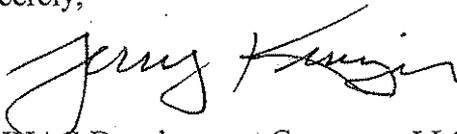
Belfry Gas Company, Inc.  
P.O. Box 504  
Allen, KY 41601

RE: Gas Purchase Contract

Gentlemen:

This is to notify you that there will be a gas price adjustment effective January 1, 2008. Your company will be charged a cost of \$9.1800 per MCF delivered. This amount is calculated based on the terms of the contract between Belfry Gas Company, Inc., and Kinthag Development Company, LLC, and the most current FERC Index as of November 16, 2007. Enclosed is a copy of the NYMEX summary, with the Index indicated at the bottom.

Sincerely,

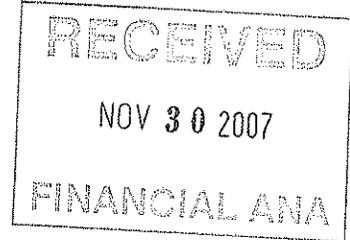


KINHAG Development Company, LLC

Enclosure

BELFRY GAS COMPANY, INC.

QUARTERLY REPORT OF GAS COST  
RECOVERY RATE CALCULATION



Date Filed:

NOVEMBER 28, 2007

Date Rates to be Effective:

JANUARY 1, 2008

Reporting Period is Calendar Quarter Ended:

SEPTEMBER 30, 2007

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$ 9.2825
+ Refund Adjustment (RA)	\$/Mcf	0
+ Actual Adjustment (AA)	\$/Mcf	(.1224)
+ Balance Adjustment (BA)	\$/Mcf	0
= Gas Cost Recovery Rate (GCR)	\$/Mcf	\$ 9.1601

GCR to be effective for service rendered from JANUARY 1, 2008 to MARCH 31, 2008

<b>A.</b>	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	400,881
	+ Sales for the 12 months ended <u>SEPTEMBER 30, 2007</u>	Mcf	43,187
	= Expected Gas Cost (EGC)	\$/Mcf	9.2825
<b>B.</b>	<u>REFUND ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Supplier Refund Adjustment for Reporting Period (Sch. III)	\$/Mcf	0
	+ Previous Quarter Supplier Refund Adjustment	\$/Mcf	0
	+ Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	0
	+ Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	0
	= Refund Adjustment (RA)	\$/Mcf	0
<b>C.</b>	<u>ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	.0079
	+ Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0106)
	+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(.1743)
	+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	.0546
	= Actual Adjustment (AA)	\$/Mcf	(.1224)
<b>D.</b>	<u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	0
	+ Previous Quarter Reported Balance Adjustment	\$/Mcf	0
	+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	0
	+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	0
	= Balance Adjustment (BA)	\$/Mcf	0

SCHEDULE II  
EXPECTED GAS COST

Actual* Mcf Purchases for 12 months ended <u>SEPTEMBER 30, 2007</u>					
(1) <u>Supplier</u>	(2) <u>Dth</u>	(3) Btu <u>Conversion Factor</u>	(4) <u>Mcf</u>	(5)** <u>Rate</u>	(6) <u>(4)x(5) Cost</u>
Kinbag Development Company, LLC	36,391	1.20	43,669	9.1800	\$ 400,881
<b>Totals</b>	<u>36,391</u>		<u>43,669</u>		<u>\$ 400,881</u>

Line loss for 12 months ended SEPT. 30, 2007 is 1.1638% based on purchases of 43,669 Mcf and sales of 43,187 Mcf.

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6)	\$	400,881
+ Mcf Purchases (4)	Mcf	43,669
= Average Expected Cost Per Mcf Purchased	\$/Mcf	9.1800
x Allowable Mcf purchases (must not exceed Mcf sales + .95)	Mcf	43,669
= Total Expected Gas Cost (to Schedule IA.)	\$	400,881

\*Or adjusted pursuant to Gas Cost Adjustment Clause and explained herein.

\*\*Supplier's tariff sheets or notices are attached.

SCHEDULE III

SUPPLIER REFUND ADJUSTMENT

Details for the 3 months ended SEPTEMBER 30, 2007

<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
Total supplier refunds received	\$	0
+ Interest	\$	0
= Refund Adjustment including interest	\$	0
+ Sales for 12 months ended	Mcf	0
= Supplier Refund Adjustment for the Reporting Period (to Schedule IB.)	\$/Mcf	0

SCHEDULE IV  
ACTUAL ADJUSTMENT

For the 3 month period ended SEPTEMBER 30, 2007

<u>Particulars</u>	<u>Unit</u>	<u>Month 1</u> <u>(JULY)</u>	<u>Month 2</u> <u>(AUG)</u>	<u>Month 3</u> <u>(SEPT)</u>
Total Supply Volumes Purchased	Mcf	815	728	815
Total Cost of Volumes Purchased	\$	7,746	6,919	7,746
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	815	692	815
= Unit Cost of Gas	\$/Mcf	9.5043	9.9986	9.5043
- EGC in effect for month	\$/Mcf	9.5040	9.5040	9.5040
= Difference [(Over-)/Under-Recovery]	\$/Mcf	.0003	.4946	.0003
x Actual Sales during month	Mcf	815	686	815
= Monthly cost difference	\$	.2445	339.2956	.2445

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$	339.7846
+ Sales for 12 months ended <u>SEPTEMBER 30, 2007</u>	Mcf	43,187
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	.0079

SCHEDULE V  
BALANCE ADJUSTMENT

For the 3 month period ended SEPTEMBER 30, 2007

<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
(1) Total Cost Difference used to compute AA of the GCR effective four quarters prior to the effective date of the currently effective GCR.	\$	
Less: Dollar amount resulting from the AA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the AA was in effect.	\$	
Equals: Balance Adjustment for the AA.	\$	_____
(2) Total Supplier Refund Adjustment including interest used to compute RA of the GCR effective four quarters prior to the effective date of the currently effective GCR.	\$	
Less: Dollar amount resulting from the RA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the RA was in effect.	\$	
Equals: Balance Adjustment for the RA.	\$	_____
(3) Total Balance Adjustment used to compute BA of the GCR effective four quarters prior to the effective date of the currently effective GCR.	\$	
Less: Dollar amount resulting from the BA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the BA was in effect.	\$	
Equals: Balance Adjustment for the BA.	\$	_____
 Total Balance Adjustment Amount (1) + (2) + (3)	 \$	
+ Sales for 12 months ended _____	Mcf	_____
* Balance Adjustment for the Reporting Period (to Schedule ID.)	\$/Mcf	○